

Registration number: 08357352

# Spalding Grammar School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2015

# **Spalding Grammar School**

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# **Spalding Grammar School**

## **Reference and Administrative Details**

<b>Governors and Trustees (Directors)</b>	Mr K Bean
	Mr PG Bell
	Revd J Bennett
	Mr J Bradley
	Mr KC Casswell
	Mr B Chappell
	Mr AC Cunningham
	Mr A Faulkner
	Mrs RE Fuggle
	Mrs D Haslam
	Mrs SAL Houlton
	Mr P Ingleby
	Mr H Johnson
	Mr RG Massey
	Mr N Meekins
	Mr M Morris
	Mr RH Oldershaw (resigned 8 September 2014)
	Mr NS Ryan (resigned 31 August 2015)
<b>Company Secretary</b>	Mrs J Smith
	Dr MSA Townsend
<b>Senior Team</b>	Mr S Barton
	Mr NS Ryan, Headteacher (resigned 31 August 2015)
	Mr SM Wilkinson, Headteacher (appointed 1 September 2015)
	Mrs CM Lee, Assistant Head
	Mrs SP Ingram, Assistant Head
	Mr S Barton, Associate Assistant Head
<b>Headteacher and Registered Office</b>	Mr SM Wilkinson
	Spalding Grammar School Priory Lane Spalding Lincolnshire PE11 2XH
<b>Company Registration Number</b>	08357352

## **Spalding Grammar School**

### **Reference and Administrative Details (continued)**

**Auditors**                      Bulley Davey Limited  
                                         1-4 London Road  
                                         Spalding  
                                         Lincolnshire  
                                         PE11 2TA

**Bankers**                        Natwest Bank  
                                         501 Silbury Boulevard  
                                         Milton Keynes  
                                         MK9 3ER

**Solicitors**                      Maples Solicitors LLP  
                                         23 New Road  
                                         Spalding  
                                         Lincolnshire  
                                         PE11 1DH



## **Spalding Grammar School**

### **Governors' Report for the Year Ended 31 August 2015**

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the School Trust. The company registration number is 08357352.

The Governors act as the trustees for the charitable activities of Spalding Grammar School and are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

##### ***Principal activities***

The principal activity of the charitable company is education or provision of teaching and learning. The principal activity is encapsulated by provision of first class teaching staff, ably supported by other staff to ensure that all students get the best chance to succeed at all stages of their schooling.

##### ***Members' liability***

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

##### ***Governors' indemnities***

The School through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the School also purchased and maintained liability insurance for its Governors.

##### ***Method of recruitment and appointment or election of Governors***

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the trustees who delegate powers to the Senior Team.

The membership of the Governing Body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the Governing Body as a whole.

Committees have been established that meet regularly to ensure the requirements are being met. Committees include separate Finance and Audit Committees. The Finance Committee meets every term.

Further Sub-Committees have been formed to ensure compliance with the School Development Plan in the areas of Staff Development, Curriculum Development and Student Learning.

All members of the Governing Body are to be directors of the School.

## **Spalding Grammar School**

### **Governors' Report for the Year Ended 31 August 2015 (continued)**

#### ***Policies and procedures adopted for the induction and training of Governors***

The School was incorporated on 11 January 2013 and commenced operations on 1 February 2013. Access to external Governor training has been provided and operating procedures have been delivered to all members of the Governing Body. All Governors are assigned to a Sub-Committee, reporting to the whole Governing Body. Where Governors have a relevant professional skill, the School seeks to use that skill within a particular Sub-Committee. Within the School, the Governors can access the policies and procedures via the Clerk to Governors. Governors are invited to attend whole school events and where appropriate, staff training and information sessions.

#### ***Organisational structure***

The organisational structure consists of a Governor level and the Senior Team. The structure is designed to enable all of these personnel to be involved whilst also devolving responsibility appropriately.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by use of budgets and making decisions about the direction of the School, capital expenditure and senior staff appointments.

The Senior Team consists of the Headteacher, two Assistant Heads and an Associate Assistant Head who are responsible for communicating and implementing the School's strategies.

The Headteacher and Senior Team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration and operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the Department for Education.

The School access external agencies to ensure a broader provision of education and learning. The agencies include careers and guidance services.

#### ***Connected organisations, including related party relationships***

The Spalding Grammar School operates as a sole entity and is not part of a wider network or federation. The School does not have a sponsor.

#### **Objectives and activities**

##### ***Objects and aims***

The object of the charity is to advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

##### ***Objectives, strategies and activities***

The School's principle aim is to ensure that all students have every opportunity to attain their potential - intellectually, socially and personally. The cornerstone of our approach is the strength of the relationships between governors, staff, pupils and parents throughout our community. The friendly and orderly atmosphere combines with a stimulating academic environment to develop the qualities which lead to successful examination results, satisfying personal relationships, the correct blend of individual strengths and co-operation with others, as well as the confidence to face the challenges of the wider world. The School is conscious of the need for continuous improvement of standards.

## **Spalding Grammar School**

### **Governors' Report for the Year Ended 31 August 2015 (continued)**

#### ***Public benefit***

The School provides educational services to predominantly children from the South Holland district who have met the entry requirements by reaching the standard score of 220 in the 11+ examination to qualify in the top 25% of the ability range in Lincolnshire. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

## **Spalding Grammar School**

### **Governors' Report for the Year Ended 31 August 2015 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

The level of attainment of 5+ A\*-C including English and Maths was 94%. Overall, attainment of 5+ A\*-C GCSEs was 98%. The level of attainment of AS level grades A-E was 91% and A2 level grades A-E was 98%.

##### **Key non-financial performance indicators**

The School has been fully staffed during the period to 31 August 2015. The curriculum has met the standards expected. Staffing costs are the Schools main expense and the value of the staff is demonstrated throughout the examination results as well as the level of enrichment and commitment demonstrated throughout the School.

In all of the expenditure, the Associate Assistant Head, Finance Team, Senior Team and Governors seek best value and question financial decisions made.

The Audit Committee has undertaken reviews of internal systems and controls during the year and have not identified any significant issues to be reported to the Governors.

##### **Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **Financial review**

The majority of the School's income derives from central funding via the Education Funding Agency. The School also receives further monies via Local Authority for special education needs and pupil premium. In addition, the School raises funds by professional expertise in accessing grants, negotiating contracts and utilisation of the current facilities.

During the period ended 31 August 2015 the operating expenditure as an Academy of £5.34 million was covered by Educational Funding Agency grants and other incoming resources. The excess of income over expenditure, excluding pension liabilities, was £0.23 million.

Net current assets at the period end were £1.41 million. The assets were used exclusively for providing education and the associated support services to the learners of the School.

There is a declared deficit on the defined benefit pension scheme, Local Government Pension Scheme for associated staff. Whilst the value is significant, the Governors do not believe that the liability represents a material risk because the liability has been agreed with the Associate Assistant Head to be spread over a twenty year period and will be planned into subsequent accounts. Payment have been agreed and are in place.

##### **Reserves policy**

The School aims to keep a minimum of one month's salary cost on hand in cash form at any one point. Cash is monitored on a minimum of a weekly basis and money is invested on deposit where appropriate.

##### **Investment policy**

Some surplus funds currently held are invested into low risk bank deposits.

The governors have also taken the decision to invest £0.5m as part of a longer term strategy in order to realise the best return. The decision was taken after substantial financial advice and any returns will be utilised to benefit the Academy.

## **Spalding Grammar School**

### **Governors' Report for the Year Ended 31 August 2015 (continued)**

#### **Principal risks and uncertainties**

##### ***Financial and risk management objectives and policies***

The majority of the School's income is obtained from the Department for Education via the Education Funding Agency in the form of recurrent grants; the use of which is restricted to particular purpose by the Objects of the Trust and also the Academies Financial Handbook. The grants received during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

##### ***Risk management***

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and finances. The Governors have implemented a number of systems to assess the risks that the School faces (e.g. health and safety and school trips) and in relation to the control of finance. The Governors have implemented systems such as auditing of the finance area to demonstrate control and to minimize risk.

Risks to the School fall into three categories;

1. Financial - Income to the School is always predicted prudently and expenditure plans are controlled by the whole Governing Body. The Headteacher is accountable to the Governors for restricting expenditure within the set budget.
2. Performance - A huge decline in results would damage the reputation of the School and would impact the recruitment and retention of students with a subsequent loss of income. The Headteacher is accountable to the Governing Body for academic results.
3. Health & Safety - A range of risk assessments have been written. The assessments are reviewed annually.

##### **Employment of disabled persons**

The School is of old construct and purpose built ramps are being put in place to ensure access and egress. The buildings comply with current legislation. There are adequate amounts of lifts and disabled toilet facilities. The School supports special educational needs and does this through training, career development and provision of qualified support personnel.

The Governors recognise that equal opportunities are an integral part of good practice in the workplace. The School aims for the highest standards in opportunity for all and ensures that the working environment allows the contribution needs of all to be understood, known and valued.

##### **Plans for future periods**

The next stage in developing the School will include;

- Increasing top end results across all Key Stages.
- Developing the curriculum to meet the needs of the school and the students
- Publicising and marketing the School to feeder schools to ensure cohorts are full.
- Ensure the School Development Plan is effected across all areas of the school.
- Recruiting and retaining highly qualified and skilled staff.
- Ensuring the ethos of the school is maintained.
- Implementing government strategies in relation to examination and course requirements.

## Spalding Grammar School

### Governors' Report for the Year Ended 31 August 2015 (continued)

#### Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members on ..... and signed on its behalf by:



Revd J Bennett  
Governor and trustee

## Spalding Grammar School

### Governance Statement

#### Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Spalding Grammar School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to Mr SM Wilkinson, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Spalding Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr K Bean	6	7
Mr PG Bell	7	7
Revd J Bennett	7	7
Mr J Bradley	3	7
Mr KC Casswell	7	7
Mr B Chappell	4	7
Mr AC Cunningham	5	7
Mr A Faulkner	7	7
Mrs RE Fuggle	7	7
Mrs D Haslam	7	7
Mrs SAL Hoult	7	7
Mr P Ingleby	7	7
Mr H Johnson	4	7
Mr RG Massey	6	7
Mr N Meekins	3	7
Mr M Morris	6	7
Mr RH Oldershaw	0	0
Mr NS Ryan	7	7
Mrs J Smith	4	7
Dr MSA Townsend	6	7



## **Spalding Grammar School**

### **Governance Statement (continued)**

#### **Governance reviews**

The board of trustees review and respond to any third party review of governance requirements. The board of trustees are aware of their responsibility to consider laws and regulations, finance systems and controls and also community responsibility. There have been no formal requests in the current year for a governance review. The board are aware of the requirement to ensure work of the governing body is effective.

#### **Value for money**

As accounting officer, the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year under the following circumstances;

- In implementing the CIF process, the academy was awarded a sum of money that included a fee for external project manager costs. It was decided that the project manager of the roofing project would be carried out in-house and as such, over £13k was saved. This money was spent on further improvements to the safety of the students, staff and buildings by the fitting of numerous fire detection devices around the academy.
- It was decided that the academy required improved sporting facilities in the form of updating its cricket net facilities (especially as there are county standard sports persons at the academy). The nets were priced at a figure in excess of £40k. The academy worked hard in securing funding from the ECB and local clubs and the total cost of implementation to the school was £20k. The academy has also negotiated with the local cricket club that they will pay £1k per year into a sinking fund to alleviate any future renovation costs.
- Insurance funding for academies has dwindled to a small figure within the GAG per student. The monies within the GAG do not cover the cost of insurance and as such the academy has negotiated a 3 year deal with Zurich insurance so that savings can be made over a longer timeframe. The savings during the 3 year period equate to over £24k.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Spalding Grammar School for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance Committee.



## Spalding Grammar School

### Governance Statement (continued)

#### The risk and control framework

The School Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided to delegate the role to an Audit Committee.

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Audit Committee reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported to date.

#### Review of effectiveness

As Accounting Officer, Mr SM Wilkinson has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Principle Finance Officer, S Barton;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Accounting Officer and Principle Finance Officer within the School Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 9/12/2015 and signed on its behalf by:



.....  
Mr SM Wilkinson  
Principal



.....  
Revd J Bennett  
Governor and trustee

## Spalding Grammar School

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Spalding Grammar School I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust Governing Body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA.



.....  
Mr SM Wilkinson  
Accounting Officer

Date: 07/12/15.....

## Spalding Grammar School

### Statement of Governors' Responsibilities

The Governors (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies: Accounts Direction 2014 to 15 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 9/12/2015 and signed on its behalf by:



Revd J Bennett  
Governor and trustee

## **Spalding Grammar School**

### **Independent Auditor's Report on the Financial Statements to the members of Spalding Grammar School**

We have audited the financial statements of Spalding Grammar School for the year ended 31 August 2015, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2014 to 2015 issued by the Educational Funding Agency.

This report is made solely to the charitable company's Governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Governors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Governors and auditors**

As explained more fully in the Statement of Governors' Responsibilities (set out on page 13), the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2014 to 2015 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Spalding Grammar School

### Independent Auditor's Report on the Financial Statements to the members of Spalding Grammar School (continued)

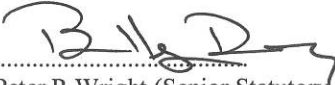
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
.....  
Peter R Wright (Senior Statutory Auditor)  
For and on behalf of Bulley Davey Limited, Statutory Auditor

1-4 London Road  
Spalding  
Lincolnshire  
PE11 2TA

Date: 9<sup>th</sup> December 2015

## **Spalding Grammar School**

### **Independent Reporting Accountant's Report on Regularity to Spalding Grammar School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 28 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies' Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Spalding Grammar School during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 30 January 2013 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies' Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies' Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

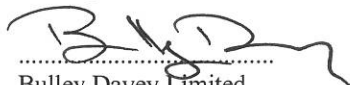
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

## Spalding Grammar School

### Independent Reporting Accountant's Report on Regularity to Spalding Grammar School and the Education Funding Agency (continued)

#### Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Bulley Davey Limited  
Chartered Certified Accountants

1-4 London Road  
Spalding  
Lincolnshire  
PE11 2TA

Date: 9<sup>th</sup> December 2015

## Spalding Grammar School

### Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total 2014 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income						
Other voluntary income	2	-	24,155	20,000	44,155	26,335
Activities for generating funds	3	23,207	314,133	-	337,340	336,240
Investment income	4	3,152	-	-	3,152	6,019
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations						
	5	-	4,886,001	-	4,886,001	4,567,119
School fund income		-	277,972	-	277,972	306,189
<i>Other incoming resources</i>						
Other incoming resources	7	549	12,462	-	13,011	54,986
Total incoming resources		<u>26,908</u>	<u>5,514,723</u>	<u>20,000</u>	<u>5,561,631</u>	<u>5,296,888</u>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income						
		-	71,329	-	71,329	63,672
<i>Charitable activities:</i>						
Academy's educational operations						
		-	4,722,140	281,590	5,003,730	4,633,168
School fund expenditure		-	254,307	-	254,307	267,712
Governance costs	10	-	10,935	-	10,935	12,535
Total resources expended	8	<u>-</u>	<u>5,058,711</u>	<u>281,590</u>	<u>5,340,301</u>	<u>4,977,087</u>
Net incoming/(outgoing) resources before transfers		26,908	456,012	(261,590)	221,330	319,801
Gross transfers between funds		<u>-</u>	<u>(338,929)</u>	<u>338,929</u>	<u>-</u>	<u>-</u>
Net income for the year		26,908	117,083	77,339	221,330	319,801



## Spalding Grammar School

### Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total 2014 £
<b>Other recognised gains and losses</b>						
Gains/losses on investment assets		-	5,999	-	5,999	-
Actuarial gains on defined benefit pension schemes	27	-	(43,000)	-	(43,000)	(355,000)
Net movement in funds/(deficit)		26,908	80,082	77,339	184,329	(35,199)
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2014		37,314	69,112	16,758,920	16,865,346	16,900,545
Funds carried forward at 31 August 2015		64,222	149,194	16,836,259	17,049,675	16,865,346

All of the Academy's activities derive from continuing operations during the above two periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# Spalding Grammar School

(Registration number: 08357352)  
Balance Sheet as at 31 August 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	14	16,836,259	16,758,919
<b>Current assets</b>			
Stocks	15	-	20,580
Debtors	16	170,935	232,745
Investments		500,999	-
Cash at bank and in hand		1,060,007	1,233,516
		<u>1,731,941</u>	<u>1,486,841</u>
Creditors: Amounts falling due within one year	17	<u>(319,525)</u>	<u>(263,914)</u>
Net current assets		<u>1,412,416</u>	<u>1,222,927</u>
Total assets less current liabilities		18,248,675	17,981,846
Creditors: Amounts falling due after more than one year	18	<u>(70,000)</u>	<u>(30,500)</u>
Net assets excluding pension liability		18,178,675	17,951,346
Pension scheme liability	27	<u>(1,129,000)</u>	<u>(1,086,000)</u>
Net assets including pension liability		<u>17,049,675</u>	<u>16,865,346</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		1,278,194	1,155,112
Restricted fixed asset fund		16,836,259	16,758,920
Restricted pension fund		<u>(1,129,000)</u>	<u>(1,086,000)</u>
		16,985,453	16,828,032
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>64,222</u>	<u>37,314</u>
Total funds		<u>17,049,675</u>	<u>16,865,346</u>

**Spalding Grammar School**

**(Registration number: 08357352)**

**Balance Sheet as at 31 August 2015 (continued)**

The financial statements on pages 18 to 42 were approved by the Governors, and authorised for issue on 9/12/2015 and signed on their behalf by:



.....  
Mr K Bean  
Governor and trustee



.....  
Revd J Bennett  
Governor and trustee



.....  
Mr RG Massey  
Governor and trustee

## Spalding Grammar School

### Cash Flow Statement for the Year Ended 31 August 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	22	677,269	685,467
Returns on investments and servicing of finance	23	3,152	6,019
Capital expenditure and financial investment	24	<u>(853,930)</u>	<u>(128,542)</u>
(Decrease)/increase in cash in the year	25	<u><u>(173,509)</u></u>	<u><u>562,944</u></u>

#### Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the year	(173,509)	562,944
Net funds at 1 September 2014	<u>1,233,516</u>	<u>670,572</u>
Net funds at 31 August 2015	<u><u>1,060,007</u></u>	<u><u>1,233,516</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

## **Spalding Grammar School**

### **Notes to the Financial Statements for the Year Ended 31 August 2015**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies: Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going concern**

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

##### **Incoming resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

##### **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

##### **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

## **Spalding Grammar School**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **1 Accounting policies (continued)**

##### ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

##### **Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

##### ***Cost of generating funds***

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

##### ***Charitable activities***

These are costs incurred on the Academy Trust's educational operations.

##### ***Governance costs***

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 1 Accounting policies (continued)

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land and assets in the course of construction, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Furniture and equipment	20% straight line
Computer equipment	33% straight line
Land and buildings	Straight line over 125 years
Motor vehicles	25% straight line
Assets in the course of construction	not depreciated until asset construction complete and in use
Integral features	Straight line over 10/20 years

##### **Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

##### **Stock**

Netbooks are valued at the lower of cost or net realisable value.

##### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 1 Accounting policies (continued)

##### Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

##### Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

#### 2 Voluntary income

	<b>Restricted funds £</b>	<b>Restricted fixed asset funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Other voluntary income</b>				
Other voluntary income	24,155	20,000	44,155	26,335



## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Hire of facilities	23,207	-	23,207	19,871
Catering income	-	198,764	198,764	204,519
School shop sales	-	4,875	4,875	3,948
Recharges and reimbursements	-	93,171	93,171	86,625
Other sales	-	17,323	17,323	21,277
	<u>23,207</u>	<u>314,133</u>	<u>337,340</u>	<u>336,240</u>

#### 4 Investment income

	Unrestricted funds £	Total 2015 £	Total 2014 £
Short term deposits	<u>3,152</u>	<u>3,152</u>	<u>6,019</u>

# Spalding Grammar School

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 5 Funding for Academy's educational operations

	Restricted funds £	Total 2015 £	Total 2014 £
<b>DfE/EFA revenue grants</b>			
General Annual Grant	4,501,499	4,501,499	4,443,838
Other DfE Income	383,830	383,830	122,459
	<u>4,885,329</u>	<u>4,885,329</u>	<u>4,566,297</u>
<b>Non-government grants and other income</b>			
Local Authority Grants	672	672	822
Total grants	<u>4,886,001</u>	<u>4,886,001</u>	<u>4,567,119</u>

### 6 Other charitable activities

	Restricted funds £	Total 2015 £	Total 2014 £
School fund income	<u>277,972</u>	<u>277,972</u>	<u>306,189</u>

### 7 Other incoming resources

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Service children	-	1,600	1,600	600
Book fines	-	1,071	1,071	345
Sale of equipment	-	1,511	1,511	375
Netbooks	-	8,280	8,280	42,296
Other admission income	-	-	-	11,370
Other income	549	-	549	-
	<u>549</u>	<u>12,462</u>	<u>13,011</u>	<u>54,986</u>

# Spalding Grammar School

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 8 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2015 £	Total 2014 £
Costs of generating voluntary income	-	-	71,329	71,329	63,672
<b>Academy's educational operations</b>					
Direct costs	2,778,132	-	392,414	3,170,546	2,987,057
Allocated support costs	991,540	553,753	287,891	1,833,184	1,646,111
	<u>3,769,672</u>	<u>553,753</u>	<u>680,305</u>	<u>5,003,730</u>	<u>4,633,168</u>
<b>School fund expenditure</b>					
Allocated support costs	-	-	254,307	254,307	267,712
Governance costs including allocated support costs	-	-	10,935	10,935	12,535
	<u>3,769,672</u>	<u>553,753</u>	<u>1,016,876</u>	<u>5,340,301</u>	<u>4,977,087</u>

### Net incoming/outgoing resources for the year include:

	31 August 2015 £	31 August 2014 £
Fees payable to auditor - audit	2,950	2,950
- other non-audit services	<u>7,985</u>	<u>9,585</u>

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 9 Charitable activities

	Restricted funds £	Restricted fixed asset funds £	Total 2015 £	Total 2014 £
<b>Direct costs</b>				
Teaching and educational support staff costs	2,778,132	-	2,778,132	2,615,863
Educational supplies	89,477	-	89,477	74,823
Examination fees	121,331	-	121,331	103,406
Staff development	26,959	-	26,959	21,020
Educational consultancy	5,337	-	5,337	1,832
Other direct costs	149,310	-	149,310	170,113
	<u>3,170,546</u>	<u>-</u>	<u>3,170,546</u>	<u>2,987,057</u>
<b>Allocated support costs</b>				
Support staff costs	991,540	-	991,540	947,208
Depreciation	-	281,590	281,590	245,916
Maintenance of premises and equipment	98,754	-	98,754	64,851
Cleaning	8,126	-	8,126	8,554
Rent, rates and utilities	115,939	-	115,939	111,784
Insurance	49,344	-	49,344	14,194
Recruitment and support	32,021	-	32,021	19,632
Security and transport	16,244	-	16,244	18,088
Catering	106,420	-	106,420	106,406
Bank interest and charges	2,512	-	2,512	3,107
Professional fees	7,194	-	7,194	1,513
Other support costs	377,807	-	377,807	372,570
	<u>1,805,901</u>	<u>281,590</u>	<u>2,087,491</u>	<u>1,913,823</u>
	<u>4,976,447</u>	<u>281,590</u>	<u>5,258,037</u>	<u>4,900,880</u>

# Spalding Grammar School

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 10 Governance costs

	<b>Restricted funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Auditors' remuneration</b>			
Audit of financial statements	2,950	2,950	2,950
Other non-audit services	7,985	7,985	9,585
	<u>10,935</u>	<u>10,935</u>	<u>12,535</u>

### 11 Staff costs

	<b>2015 £</b>	<b>2014 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	3,071,053	2,828,185
Social security costs	226,168	214,279
Pension costs	444,991	440,403
Supply teacher costs	27,460	80,204
	<u>3,769,672</u>	<u>3,563,071</u>

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	<b>31 August 2015 No</b>	<b>31 August 2014 No</b>
<b>Charitable Activities</b>		
Teachers	55	59
Administration and support	36	34
Management	4	4
	<u>95</u>	<u>97</u>

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 11 Staff costs (continued)

The number of employees whose emoluments fell within the following bands was:

	31 August 2015 No	31 August 2014 No
£60,001 - £70,000	3	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

3 (2014 - 2) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £29,387 (2014 - £20,519). 1 (2014 - 0) of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £12,846 (2014 - £Nil).

#### 12 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy trust in respect of their services as trustees. The value of trustees' remuneration was as follows:

Mr NS Ryan (Headteacher and Governor):	£85,000 - £90,000	(2014 - £85,000 - £90,000)
Mr PG Bell (Staff Governor):	£40,000 - £45,000	(2014 - £40,000 - £45,000)
Mrs D Haslam (Staff Governor):	£25,000 - £30,000	(2014 - £25,000 - £30,000)
Mrs SAL Hoult (Staff Governor):	£20,000 - £25,000	(2014 - £20,000 - £25,000)

#### 13 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was included within the insurance policy for the whole school and the cost relating to this element is estimated to be £1,181 (2014 - £1,791).

The cost of this insurance is included in the total insurance cost.

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 14 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Assets under construction £	Integral features £	Total £
<b>Cost</b>							
At 1 September 2014	16,650,000	297,232	27,250	139,361	17,924	-	17,131,767
Additions	-	38,845	-	20,522	-	299,563	358,930
Transfers	-	-	-	-	(17,924)	17,924	-
At 31 August 2015	16,650,000	336,077	27,250	159,883	-	317,487	17,490,697
<b>Depreciation</b>							
At 1 September 2014	210,900	88,615	6,813	66,520	-	-	372,848
Charge for the year	133,200	67,217	6,813	53,296	-	21,064	281,590
At 31 August 2015	344,100	155,832	13,626	119,816	-	21,064	654,438
<b>Net book value</b>							
At 31 August 2015	16,305,900	180,245	13,624	40,067	-	296,423	16,836,259
At 31 August 2014	16,439,100	208,617	20,437	72,841	17,924	-	16,758,919

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 15 Stock

	2015 £	2014 £
Netbooks	-	20,580

#### 16 Debtors

	2015 £	2014 £
Trade debtors	11,949	42,343
Prepayments	94,290	91,113
VAT recoverable	62,805	99,289
Other debtors	1,891	-
	<u>170,935</u>	<u>232,745</u>

#### 17 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	68,704	189,415
Other taxation and social security	121,656	-
Other creditors	3,248	7,879
Accruals	125,917	29,916
Deferred income	-	36,704
	<u>319,525</u>	<u>263,914</u>

#### 18 Creditors: amounts falling due after one year

	2015 £	2014 £
Other creditor - loan	<u>70,000</u>	<u>30,500</u>

The loan is to be repaid via repayments every six months of £4,375 expected to start in the 2016/17 academic year. There is no interest charged on this loan.



## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 19 Funds

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
<b>Restricted general funds</b>					
Restricted General Fund	1,155,112	5,514,723	(5,058,711)	(332,930)	1,278,194
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Fund	16,758,920	20,000	(281,590)	338,929	16,836,259
<b>Restricted pension funds</b>					
Restricted Pension Fund	<u>(1,086,000)</u>	<u>-</u>	<u>-</u>	<u>(43,000)</u>	<u>(1,129,000)</u>
Total restricted funds	16,828,032	5,534,723	(5,340,301)	(37,001)	16,985,453
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>37,314</u>	<u>26,908</u>	<u>-</u>	<u>-</u>	<u>64,222</u>
Total funds	<u>16,865,346</u>	<u>5,561,631</u>	<u>(5,340,301)</u>	<u>(37,001)</u>	<u>17,049,675</u>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 20 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	16,836,259	16,836,259
Current assets	64,222	1,667,719	-	1,731,941
Current liabilities	-	(319,525)	-	(319,525)
Creditors over 1 year	-	(70,000)	-	(70,000)
Pension scheme liability	-	(1,129,000)	-	(1,129,000)
Total net assets	<u>64,222</u>	<u>149,194</u>	<u>16,836,259</u>	<u>17,049,675</u>

#### 21 Financial commitments

##### *Operating leases*

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

##### **Operating leases which expire:**

	2015 £	2014 £
<b>Other</b>		
Within one year	29,489	1,023
Within two to five years	<u>43,335</u>	<u>43,385</u>
	<u>72,824</u>	<u>44,408</u>

#### 22 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2015 £	2014 £
Net income	221,330	319,801
Depreciation	281,590	245,916
Interest receivable	(3,152)	(6,019)
Decrease in stocks	20,580	14,400
Decrease/(increase) in debtors	61,810	(36,896)
Increase in creditors	<u>95,111</u>	<u>148,265</u>
Net cash inflow from operating activities	<u>677,269</u>	<u>685,467</u>

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 23 Returns on investments and servicing of finance

	2015 £	2014 £
Interest received	3,152	6,019
Net cash inflow from returns on investments and servicing of finance	<u>3,152</u>	<u>6,019</u>

#### 24 Capital expenditure and financial investment

	2015 £	2014 £
Purchase of tangible fixed assets	(358,930)	(128,542)
Purchase of investments	(495,000)	-
Net cash outflow from capital expenditure and financial investment	<u>(853,930)</u>	<u>(128,542)</u>

#### 25 Analysis of changes in net funds

	At 1 September 2014 £	Cash flows £	At 31 August 2015 £
Cash at bank and in hand	<u>1,233,516</u>	<u>(173,509)</u>	<u>1,060,007</u>

#### 26 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

#### 27 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 27 Pension and similar obligations (continued)

##### Teachers' Pension Scheme

###### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

###### Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate ("SCR") was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 27 Pension and similar obligations (continued)

##### Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £171,000 (2014 - £176,000), of which employer's contributions totalled £137,000 (2014 - £141,000) and employees' contributions totalled £34,000 (2014 - £35,000).

##### Principal actuarial assumptions

	At 31 August 2015 %	At 31 August 2014 %
Rate of increase in salaries	4.10	4.00
Rate of increase for pensions in payment/inflation	2.70	2.70
Discount rate for scheme liabilities	3.80	3.70

The current mortality assumptions include sufficient allowance for future improvements in the mortality rates. The assumed life expectations on retirement age 65 are:

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 27 Pension and similar obligations (continued)

	At 31 August 2015	At 31 August 2014
<b>Retiring today</b>		
Males retiring today	22.20	22.20
Females retiring today	24.40	24.40
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.50	24.50
Females retiring in 20 years	<u>26.80</u>	<u>26.80</u>

The academy's share of the assets and liabilities in the scheme were:

	At 31 August 2015 £	At 31 August 2014 £
Equities	801,000	669,000
Other bonds	139,000	114,000
Property	<u>128,000</u>	<u>97,000</u>
Total market value of assets	1,068,000	880,000
Present value of scheme liabilities - funded	<u>(2,197,000)</u>	<u>(1,966,000)</u>
Deficit in the scheme	<u>(1,129,000)</u>	<u>(1,086,000)</u>

The expected rates of return were:

	At 31 August 2015 %	At 31 August 2014 %
Equities	3.80	6.30
Other bonds	3.80	3.60
Property	3.80	4.50
Cash	<u>3.80</u>	<u>3.30</u>

## Spalding Grammar School

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 27 Pension and similar obligations (continued)

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £23,000 (2014 - £93,000).

#### Amounts recognised in the statement of financial activities

	2015 £	2014 £
Current service cost	156,000	147,000
Total operating charge	<u>156,000</u>	<u>147,000</u>

#### Analysis of pension finance income/(costs)

	2015 £	2014 £
Expected return on pension scheme assets	55,000	47,000
Interest on pension liabilities	<u>(76,000)</u>	<u>(69,000)</u>
Pension finance costs	<u>(21,000)</u>	<u>(22,000)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£23,000).

# Spalding Grammar School

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 27 Pension and similar obligations (continued)

#### Movements in the present value of defined benefit obligation

	2015 £	2014 £
At 1 September	1,966,000	1,424,000
Current service cost	156,000	147,000
Interest cost	76,000	69,000
Employee contributions	34,000	35,000
Actuarial (gains)/losses	(29,000)	303,000
Benefits paid	(6,000)	(12,000)
At 31 August	<u>2,197,000</u>	<u>1,966,000</u>

#### Movements in the fair value of academy's share of scheme assets

	2015 £	2014 £
At 1 September	880,000	693,000
Expected return on assets	55,000	47,000
Actuarial losses	(32,000)	(24,000)
Employer contributions	137,000	141,000
Employee contributions	34,000	35,000
Benefits paid	(6,000)	(12,000)
At 31 August	<u>1,068,000</u>	<u>880,000</u>

The estimated value of employer contributions for next period is £170,000 (2014 - £155,000).

#### History of experience adjustments

Amounts for the current and previous period are as follows:

	2015 £	2014 £	2013 £
Present value of scheme liabilities	(2,197,000)	(1,966,000)	-
Fair value of scheme assets	<u>-</u>	<u>880,000</u>	<u>693,000</u>
(Deficit)/surplus in the scheme	<u>(2,197,000)</u>	<u>(1,086,000)</u>	<u>693,000</u>
	2015 £	2014 £	2013 £
Experience adjustments arising on scheme assets	(32,000)	(24,000)	9,000
Experience adjustments arising on scheme liabilities	<u>-</u>	<u>(79,000)</u>	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17.

### 28 Related party transactions

There were no related party transactions in the year.